

Accountability in Government Selected Performance Highlights Fourth Quarter, Fiscal Year 2016

Pursuant to the Accountability in Government Act (AGA), quarterly reports are required of key agencies, including performance measures and results approved by the Department of Finance and Administration (DFA) and other measures agencies consider important to operations. Each quarter, LFC analysts review agency performance reports and develop report cards for select measures.

LFC staff continues efforts to provide benchmark data comparing New Mexico results to those of neighboring states or national averages. This performance report includes an updated State of the State Dashboard, which uses a mixture of agency performance measures and national benchmarks to provide an overview of the state's standing.

Performance of note in the fourth quarter of fiscal year 2016 by major area:

Human Services and Medicaid

Performance measures for infants who had six or more well-child visits and newborns whose mothers received a prenatal care visit in the first trimester were quite low; however, HSD incorporated infant well child visits into a recent managed care organization (MCO) contract amendment. Beginning in FY17, MCOs are required to focus more on outcomes and to provide details about intervention steps taken to improve.

For asthma management, New Mexico is performing about 2 percent below the national average of 91 percent. For dental visits, while missing the FY16 target of 70 percent, New Mexico exceeded the national average of 49 percent by a significant 12 percent. MCOs have begun implementing interventions for both measures through quality improvement projects.

In an expedited hearing Judge Kenneth Gonzales agreed to modify a 2014 district court order prohibiting HSD from closing certain SNAP cases for “procedural” reasons such as when an individual fails to attend an interview. The order had the unintended consequence of putting HSD actions in conflict with federal SNAP regulations, putting the state at risk for losing federal funding. The tweak in wording will maintain the intent of the order, to enforce HSD's compliance with timely processing of SNAP and Medicaid benefits. The judge will also finalize an order to provide for a special master to determine HSD's compliance with court orders and federal law governing how the department processes SNAP and

Medicaid benefits. Until now there has not been an independent mediator between HSD and the Plaintiff who can assist the court with determining HSD compliance.

Behavioral Health

HSD has yet to provide an FY16 quarter four performance report due to reporting delays.

Health

Expanding wait lists, falling revenues, management turnover, high vacancies, reduced general fund appropriations, and uncertainty underscored the department's performance this year and is expected to impact the department's performance in the future. The Affordable Care Act (ACA) shifted the need for safety net health services in some cases away from public health offices into primary care offices covered by Medicaid and private insurance options, and may be leading to fewer visits. To ensure reductions in direct services do not materialize, patient billing opportunities should be maximized in FY17.

The Epidemiology and Response Program increased the number of Naloxone kits distributed to 1,031, from a total of 381 in FY15, due to a bill passed during the 2016 legislative session that ensured wider access to Naloxone. Wider access should lead to a reduction in opiate overdoses in the future.

Aging and Long-Term Services (ALTSD)

The department's state plan on aging includes goals to coordinate services for older New Mexicans, support evidence based health promotion, and enhance public and private partnerships. It is difficult to assess the department's success at accomplishing these and other goals due to inadequate performance monitoring.

Improved measures would focus on adult maltreatment, repeat maltreatment, investigator caseloads, and Adult Protective Services post maltreatment service provider outcome data. Better performance monitoring in the Aging Network would track service outcomes like the effect of respite care on longevity of the caretaker, and would report these as performance measures to give a better idea about the Aging Network's capacity and its adequacy in meeting the needs of the senior population.

Children, Youth and Families

New Mexico's child welfare system continues to struggle at improving childhood well-being. Repeat maltreatment and juvenile recidivism continued to fall well below targeted performance. Additionally, several performance outcomes for FY16 indicate too many children and families are re-entering the child welfare system multiple times.

However, early intervention services for care and education reported increased access and quality. Early Childhood Services met or exceed all performance measures during FY16.

Public Safety

Despite a challenging year, including the development of a new healthcare contract, the New Mexico Corrections Department achieved performance targets for release eligible inmates within both male and female populations as well as measures on new charges, pending charges, and technical parole violation recidivism rates. The department's overall 36 month recidivism rate is still higher than ideal, but fell from 47 percent to 46 percent for the first time in the last four years. However, inmate-on-inmate and inmate-on-staff violence spiked over FY16 as a result of more congregate movement. Average standard caseloads per probation and parole officers also rose, influenced by reduced release eligible inmates.

Although the state continues to struggle to recruit and retain forensic scientists, Department of Public Safety cleared 93 percent of cases received this year. The agency took initiative and implemented internal compensation increases for forensic scientists to help resolve vacancies. The state police was 10 officers stronger in FY16 than last year, but maintained a vacancy rate of 10 percent. Despite vacancies, the agency achieved all but one performance measure in FY16.

Public Education

Even with slight increases in public school funding, student proficiencies in reading and math have shown questionable improvement in the past five years, with continued disparities in the performance of economically disadvantaged students. Additionally, new scores from the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment prevent meaningful evaluation of changes in student proficiency prior to FY15, as new data is not comparable with previous standards-based assessment scores. However, new 2016 PARCC scores indicate improvement in early reading and math proficiencies over

the prior year assessment. Four-year and five-year graduation rates have declined, disparities in school grades have increased, and a lack of accountability for many below-the-line initiatives persists. Teacher quality has increased modestly and K-3 Plus initiatives continue to show promise in improving math and reading skills. Additionally, the state continues to deal with litigation surrounding teacher evaluations and special education maintenance of effort requirements.

Higher Education

Higher education institutions are taking several measures to shore up budget gaps for FY17, including reduced expenditures, increased tuition and fee rates, reductions in force, and dipping into unspent carry-forward cash balances. As tuition rates increase, colleges and universities can help students access sources of financial aid by assisting students in completing the Free Application for Federal Student Aid (FAFSA). First quarter data show FAFSA applications are down for the start of the 2016-2017 program year, which may be partially due to declining enrollment at New Mexico institutions. New Mexico's postsecondary attainment rate of 43.6 percent is an improvement over several other states; however, attainment among African-Americans, Hispanics, and Native Americans is significantly lower than the national rate. The Higher Education Department has taken the first steps toward setting a postsecondary attainment goal for the state by bringing together stakeholders in the most recent weeks.

Natural Resources

Despite rough conditions and difficulty accessing certain areas, the State Forestry Division treated more acres in the fourth quarter of FY16 than in any quarter since at least FY12. However, the agency missed the annual target due to rough conditions and difficulty accessing certain areas. State parks attracted a record number of visitors, nearly 5.5 million, in FY16, while working to strike a balance between bringing in revenues and offering affordable recreation.

While agreement on New Mexico's Rio Grande Compact credit is the subject of ongoing litigation, the state's Pecos River Compact credit continues to be positive. New Mexico accrued an annual water delivery credit of 11.9 thousand acre-feet for the 2015 calendar year, resulting in a cumulative credit of 109.5 thousand acre-feet. Failing to meet compact requirements for water deliveries to Texas would disrupt water use in New Mexico, highlighting the importance of building significant delivery credits.

Economic Development and Tourism

The Economic Development Department (EDD) fell short of achieving several performance targets, including number of jobs created by the NM Economic Development Partnership and average wages for jobs funded through the Job Training Incentive Program. EDD also struggles to meet rural job growth creation targets, reaching just 36 percent of the annual rural jobs goal by the end of the fiscal year. The Film Department, however, met and exceeded all targets as film activity continued to increase in the fourth quarter, with the largest gains in FY16.

The Tourism Department met most quarterly targets, and showed significant increases in a number of measures. The agency was unable to report on “gross receipts collected for accommodations receipts” at the time of this report. The agency is reviewing information collected from NMTRD to ensure accuracy and consistency. The number of seasonally adjusted Leisure & Hospitality jobs increased almost 28 percent in 2016 Q4 (2,900) versus 2015 Q4 (2,267). These job increases have been quite steady, increasing 35.5 percent in FY2016 when compared to FY2015.

Workforce Solutions Department

The Workforce Solutions Department (WSD) has yet to provide an FY16 quarter four performance report.

General Government

General Services Department (GSD) has improved on several measures including the health of the risk funds, maintaining state facilities, and using technology to gain efficiencies in governmental services. Challenges continue from executive agencies with poor hiring practices that result in costly conflicts to settle, agencies making their own procurement decisions instead of more centralized control, and agencies in facilities with no incentive to meet office space standards.

Department of Transportation (DOT) data shows state highway conditions improved slightly while interstate conditions worsened. FY16 was the third year DOT maintenance workers and engineers received targeted salary increases; however, despite salary increases for 354 FTE, the vacancy rate increased because the agency left positions vacant. The agency missed targets for putting projects out to bid as scheduled and Park and Ride and Rail Runner ridership dropped, possibly due to low gas prices.

Motor Vehicle Division (MVD) provided inadequate information regarding the implementation of REAL ID, despite several inquiries. MVD has improved the wait time for field offices but fell short on call center wait time. TRD saw an increased number of tax protest cases resolved during FY16, particularly in the fourth quarter. The high number of protests was due, in part, to the tax year delay in refunds on top of added scrutiny and review of questionable returns.

Information Technology Projects

The Taxation and Revenue Department (TRD) is in the planning phase for replacing the legacy oil and natural gas administration revenue database (ONGARD) system with a commercial off-the-shelf (COTS) solution for severance tax processing. The State Land Office (SLO) request for proposals (RFP) for the royalty tax solution, scheduled for release in June, is delayed until September. The business and functional requirements were complete but technical requirements needed to be finalized. The project schedule will be better defined after the royalty tax contract is awarded and when the technical committee decides whether to go with a single or phased approach for the severance tax portion of the project. Currently it is not clear if TRD and SLO have discussed a potential strategy and timing for the integration of the severance tax and royalty tax systems.

The Department of Finance and Administration (DFA) SHARE Cash Remediation Phase II project completed payment processing implementation for six payment systems from five agencies. To mitigate operational risks, DFA created a deployment plan to assist remaining agencies in its payment process implementation. The deployment timeline is divided into four waves, based on agency readiness, resources, complexity, and other various factors. Beginning in August 2016 with wave one, all waves are scheduled for completion by August 2017.

The Corrections Department completed the RFP to replace its Offender Management System (OMS). The department issued the RFP in July, with proposals due in early September.

Investments

Investment performance data for the *LFC Investment Report for the Quarter Ending June 30, 2016*, will not be available until September. We anticipate providing a completed report to the LFC at the September 2016 meeting.